

**ST. MARY PARISH SALES AND USE TAX DEPT.  
STATE OF LOUISIANA**

**Annual Component Unit Financial Statements with  
Independent Auditors' Report**

**and**

**Report on Internal Control Over Financial Reporting and Compliance  
and Other Matters**

**For the Year Ended December 31, 2011**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date

**APR 25 2012**

## CONTENTS

	<u>PAGE</u>
<u>FINANCIAL INFORMATION SECTION</u>	
Independent Auditors' Report	1-3
Basic Financial Statement	
Statement of Fiduciary Net Assets	4
Notes to the Financial Statements	5-14
Required Supplemental Information	
Schedule of Funding Progress (Unaudited)	15
General Supplementary Information	
Schedule of Administrative Costs	16
<u>INTERNAL ACCOUNTING CONTROL OVER FINANCIAL REPORTING AND COMPLIANCE AND OTHER MATTERS SECTION</u>	
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <u>Government Auditing Standards</u>	17-18
Schedule of Findings and Questioned Costs	
Summary of Audit Results	19
Findings- Financial Statement Audit	19
Summary of Prior Year Findings and Related Corrective Action Prepared by St. Mary Parish Sales and Use Tax Dept.	20



INDEPENDENT AUDITORS' REPORT

Mr. Barry Dufrene, Director  
St. Mary Parish Sales and Use Tax Dept.  
Morgan City, Louisiana

We have audited the accompanying Statement of Fiduciary Net Assets of the St. Mary Parish Sales and Use Tax Dept., a component unit of the St. Mary Parish Council, as of December 31, 2011 which comprises the St. Mary Parish Sales and Use Tax Dept.'s basic financial statement. This financial statement is the responsibility of the Department's management. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The St. Mary Parish Sales and Use Tax Dept. is an agency fund created to collect certain taxes within St. Mary Parish and remit them to the various governing bodies within the Parish. The operations of an agency fund are custodial in nature and because of this, the financial statement reports the assets and liabilities and does not report results of operations, nor changes in assets and liabilities.

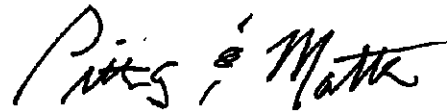
In our opinion, the financial statement referred to above presents fairly, in all material respects, the financial position of the St. Mary Parish Sales and Use Tax Dept., as of December 31, 2011, in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated April 3, 2012 on our consideration of the Department's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of our audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Management has omitted Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statement. Such missing information, although not a part of the basic financial statement, is required by the Governmental Accounting Standards Board, who considers to be an essential part of financial reporting for placing the basic financial statement in an appropriate operational, economic, or historical context. Our opinion on the basic financial statement is not affected by this missing information.

Accounting principles generally accepted in the United States of America require that the Schedule of Funding Progress, as listed in the table of contents, be presented to supplement the basic financial statement. Such information, although not a part of the basic financial statement, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statement in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statement, and other knowledge we obtained during our audit of the basic financial statement. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming an opinion on the basic financial statement as a whole. The accompanying Schedule of Administrative Costs as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the financial statement. The accompanying Schedule of Administrative Costs is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the financial statement. The information has been subjected to the auditing procedures applied in the audit of the financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statement as a whole.

A handwritten signature in black ink, appearing to read "Pines & Mather". The signature is fluid and cursive, with the ampersand clearly visible.

CERTIFIED PUBLIC ACCOUNTANTS

April 3, 2012

**ST. MARY PARISH SALES AND USE TAX DEPT.**

**STATEMENT OF FIDUCIARY NET ASSETS**

December 31, 2011

**ASSETS**

Cash	\$ 1,964,036
Investments	2,155,418
Sales tax receivable	4,263,323
Total assets	<u>\$ 8,382,777</u>

**LIABILITIES**

Accounts payable and accrued liabilities	\$ 3,857
Amounts due to taxing units:	
Amount payable in January, 2012	3,133,451
Amount payable in February, 2012	4,263,323
Retained taxes collected	605,233
Accrued compensated absences	80,500
Other postemployment benefits liability (net)	<u>296,413</u>
Total liabilities	<u>\$ 8,382,777</u>

## **ST. MARY PARISH SALES AND USE TAX DEPT.**

Notes to the Financial Statements

December 31, 2011

### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The St. Mary Parish Sales and Use Tax Dept. (Department) is responsible for the collection and distribution of the various sales and use taxes levied within the Parish. The Department was created in 1966, when the St. Mary Parish Police Jury, forerunner of the St. Mary Parish Council, adopted its original Sales Tax Ordinance, which levied the first sales tax within the Parish. The Department now collects a total of 4% sales tax which has been levied over the years and distributes the proceeds to the various taxing units within the Parish. In addition, the Department collects and distributes the Hotel/Motel Tax within the parish and the occupational license tax for the St. Mary Parish Council, and the Cities of Franklin and Patterson and the Towns of Berwick and Baldwin. Each taxing unit has agreed to reimburse the Department for a portion of the operating costs.

The financial statements of the Department have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Department's accounting policies are described below.

The Department has not presented MD & A that GASB has determined is necessary to supplement, although not required to be part of, the basic financial statements.

#### **A. Reporting Entity**

In evaluating how to define the governmental unit, for financial reporting purposes, consideration has been given to the following criteria as set forth in GAAP:

1. Financial benefit or burden
2. Appointment of a voting majority
3. Imposition of will
4. Fiscally dependent

Based upon the above criteria, the Department is a component unit and integral part of the St. Mary Parish Council (the primary government).

These financial statements include only the operations of the Department.

## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### B. Fund Accounting

The Department uses funds to report on its financial position and the changes in its assets and liabilities. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts.

Funds are classified into three categories: governmental, proprietary and fiduciary. Each category in turn, is divided into separate "fund types". The Department's current operations require only the use of one fiduciary fund, the agency fund.

Fiduciary funds are used to account for assets held on behalf of outside parties, including other governments, or on behalf of other funds within the government. Agency funds generally are used to account for assets that the government holds on behalf of others as their agent.

#### Fiduciary Fund

##### Agency Fund

The St. Mary Parish Sales and Use Tax Dept. is categorized as a Fiduciary Fund and is operated as an Agency Fund type. The Department accounts for the collection and disbursement of assets held as an agent for other government units. The Agency Fund is custodial in nature (assets equal liabilities) and does not involve measurement of results of operations.

### C. Basis of Accounting

The Department uses the full accrual basis of accounting. Under the full accrual basis of accounting, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place.

#### Collections

Sales and use taxes and hotel motel taxes are recognized in the month that the retail sale or lodging stay occurs, not when the taxes are collected by the Department. Occupational license taxes are recognized when the tax is collected by the Department.

## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The Department is entitled to the sales and use tax revenues at the time a retail sale takes place. Taxes on sales occurring during one month become due on the first day of the subsequent month and the sales tax return and related tax payment on those sales are due to the Department by the twentieth of the subsequent month. Returns and payments received after the twentieth day of the month are delinquent and are charged interest from the first day of the month. The Department collects the sales taxes at that time and then remits the collections to the various taxing units by the tenth of the following month.

The Department records the asset (sales tax receivable) and the related liability (amount payable to taxing units) at the time of the taxable sale.

For example, when taxable sales occur in December, the related asset (receivable) and liability (payable) are recorded in December. The taxes collected on the December sales are due by the twentieth day of January and are distributed to various taxing units on February tenth.

### Distributions

The liability for distribution to the various taxing units is recorded in the month the various taxes are recognized by the Department.

### Cost of Operations

Items which make up operating charges are generally recognized under the accrual basis of accounting when the related liability is incurred.

### D. Budgets

The Department is not required to adopt and did not adopt a budget for the year ended December 31, 2011.

### E. Cash

For financial statement purposes, cash includes demand deposits and interest-bearing demand deposits.

### F. Investments

The Department invests primarily in external investment pools. These pooled investments are recorded at amortized costs which approximate fair value.

## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### G. Taxes Paid Under Protest

In some cases there is a dispute between the Department and taxpayers as to the taxability of certain transactions. In these cases taxes paid by the taxpayer are recorded in a restricted cash or investment account with an offsetting liability in the retained taxes collected account. At the time the ultimate taxability of the transaction is determined the funds are either: returned to taxpayer, if the transaction is determined to be nontaxable or; distributed to various taxing governments, if the transaction is determined to be taxable.

### H. Compensated Absences

Employees earn vacation and sick leave annually at varying rates depending upon length of service, vacation does not accumulate and can only be used in the current period. Compensated absences due to sick pay are allowed to accumulate from period to period if not used, however, an employee is only compensated for sick time, when they are absent due to illness or upon termination due to retirement. An accrual of \$80,500 is made for accumulated sick time estimated to be paid to employees at retirement, based upon their years of services provided through December 31, 2011.

### I. Other Postemployment benefits liability

The Department has agreed to provide its employees with postemployment benefits as described further in Note 4. In addition, the Department is currently setting aside certain assets to fund these benefit payments that will become due in future years. The assets set aside are reported with investments. The related liability is reported as other postemployment benefits liability.

## NOTE 2 - CASH AND CASH EQUIVALENTS AND INVESTMENTS

The Department does not have a formal investment policy related to interest rate risk (the risk of an investment decreasing in value due to increasing interest rates).

In addition, the Department does not have a formal investment policy related to credit risk (including concentrations of credit).

However the Department does follow state law as to limitations on types of deposits and investments as described below.

The Department does not invest in any investments subject to foreign currency risk.

### Cash and cash equivalents

Under state law the Department may deposit its funds with certain state and federally chartered financial institutions. These deposits are required to be insured or collateralized by the financial institutions.

## NOTE 2 - CASH AND CASH EQUIVALENTS AND INVESTMENTS (continued)

At year end, the carrying amount of the Department's cash was \$1,964,036 and the bank balance was \$1,991,171, all of which is covered by federal depository insurance.

### Investments

Under state law the Department may invest in certain federal or federally guaranteed securities, certain bank time certificates of deposit, mutual or trust funds, and in the Louisiana Asset Management Pool (LAMP). LAMP is an external investment pool operated to allow local governments to pool their investment funds. LAMP is not registered with the SEC as an investment company. LAMP is subject to regulatory oversight of the Louisiana State Treasurer and the LAMP board of directors. Share values for the pool are valued at fair value based on quoted market rates determined on a weekly basis.

At year end all of the Department's invested funds were invested with LAMP. These investments total \$2,155,418, including assets of \$380,567 invested for other post employment benefits and accrued compensated absences and are carried at fair value. These investment pool amounts have not been assigned a credit risk category since the Department is not issued securities, however LAMP has a AAAm rating from Standard and Poor's.

LAMP determines its maturities using the weighted average maturity (WAM) method. The WAM of LAMP assets is restricted to not more than 60 days, and consists of no securities with a maturity in excess of 397 days. The WAM for LAMP's total investments is 54 days as of December 31, 2011.

## NOTE 3 - AMOUNTS CURRENTLY DUE TO TAXING UNITS

The following is a detail of amounts due to taxing units at December 31, 2011:

	Payable in <u>January 2012</u>	Payable in <u>February 2012</u>
St. Mary Parish School Board	\$1,357,659	\$1,852,218
St. Mary Parish Council	517,645	709,946
City of Morgan City	387,539	556,789
City of Franklin	217,445	331,039
City of Patterson	180,765	197,161
Town of Berwick	146,280	185,762
Town of Baldwin	69,152	84,332
St. Mary Parish Recreation District #1	27,063	39,605
St. Mary Parish Sheriff's Office	193,865	264,485
St. Mary Parish Tourist Commission	34,569	41,986
St. Mary Parish-occupational license	446	--
City of Patterson-occupational license	543	--
City of Morgan City-occupational license	456	--
City of Franklin-occupational license	24	--
	<u>\$3,133,451</u>	<u>\$4,263,323</u>

#### NOTE 4 - PENSION PLAN AND OTHER POSTEMPLOYMENT BENEFITS

##### Pension Plan

The Department contributes to the Parochial Employees' Retirement System of Louisiana (Plan A ), a cost sharing multiple-employer public employee retirement system administered by a Board of Trustees consisting of seven members. The System provides retirement and disability benefits, annual cost of living adjustments and death benefits to plan members and beneficiaries. The System was established by the Louisiana legislature Act 205 of 1952 and revised by Act 765 of 1970. The System issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained by calling the Parochial Employees' Retirement System of Louisiana at (225) 928-1361.

Plan members are required to contribute 9.50% of their annual covered salary and the Department is required to contribute at a rate established by the State Legislature. The employer contribution rate is currently 15.75%. The Department's actual contributions to the System for the years ending December 31, 2011, 2010, and 2009 were approximately \$63,000, \$60,000, and \$45,000, respectively; and were equal to the required contributions for each year.

##### Other Postemployment Benefits

*Background.* The Department provides healthcare insurance for their retired employees. Governmental Accounting Standards Board (GASB) Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* addresses the reporting requirements that should be followed for local governments. The Department implemented these changes for the year beginning, January 1, 2008.

*Plan Description.* The St Mary Parish Sales and Use Tax Department administers a single-employer defined benefit healthcare plan. Although the Department does not have a written plan, the benefits that are provided to retirees are approved on a year to year basis. Because the Department is a component of the St Mary Parish Council who does have a written plan, it generally follows the guidelines set forth by the Parish. All benefits to be provided to plan members or beneficiaries in accordance with the current substantive plan (the plan terms as described by the employer to plan members) at the time of each valuation, including any changes to plan terms that have been made and communicated to employees. The Department's plan does not issue a publicly available financial report.

*Funding Policy.* The Department began funding the annual required contribution in July 2009. The Department contributes 100 percent of the cost of current year premiums for eligible retired members and 60 percent of the cost for their spouses. In addition, the Department began setting aside \$10,000 per month in July of 2009 and increased this in September of 2010 to \$15,000 per month for benefits for current employees that will become due in the future. Plan members receiving benefits only contribute 40% of their spouses premium cost. In the fiscal year ended December 31, 2011, the total employer contribution was \$12,165. In addition, the Department set aside approximately \$100,000 for future benefits in 2011.

#### NOTE 4 - PENSION PLAN AND OTHER POSTEMPLOYMENT BENEFITS (continued)

*Annual OPEB Cost and Net OPEB Obligations.* The Department's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the *annual required contribution of the employer (ARC)*. The Department has elected to calculate the ARC and related information using the alternative measurement method permitted by GASB Statement 45 for employers in plans with fewer than one hundred total plan members. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the Department's annual OPEB cost for the year, the amount actually contributed to the plan, changes in the Department's net OPEB obligation to the plan, and the percentage of annual OPEB cost contributed to the plan:

Annual required contribution	\$140,739
Interest on net OPEB obligations	6,999
ARC adjustment	<u>(14,127)</u>
Annual OPEB cost (expense)	\$133,611
Contributions made	<u>(12,165)</u>
Increase in net OPEB obligation	\$121,446
Net OPEB Obligations – Beginning of year	<u>174,967</u>
Net OPEB Obligations – End of year	<u>\$296,413</u>

<u>Year Ended</u>	<u>Annual OPEB Cost</u>	<u>% of annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>	<u>Amounts Held for future OPEB payments (not placed in an irrevocable trust)</u>
12/31/09	\$74,784	9.4%	\$114,205	\$60,027
12/31/10	\$72,013	15.6%	\$174,967	\$200,254
12/31/11	\$133,611	9.1%	\$296,413	\$300,067

It is the Department's policy to pay insurance premiums for retired employees in addition to set aside funds for the payment of current employees that will become due in the future. However, under the provisions of GASB 45, payments made by an employer to an OPEB plan do not qualify as contributions or reduction of a OPEB benefit obligation unless they are paid to an insurance company or placed in an irrevocable trust. While payments made by the Department for future benefits are set aside in a separate account, they are not placed in an irrevocable trust.

#### NOTE 4 - PENSION PLAN AND OTHER POSTEMPLOYMENT BENEFITS (continued)

*Funded Status and Funding Progress.* As of December 31, 2011 the actuarial accrued liability for benefits was \$885,526, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was \$439,474, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 201.5 percent.

The projection of future benefit payments for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress presented as required supplemental information following the notes to the financial statements presents information that shows whether the actuarial value of plan assets is increasing or decreasing relative to the actuarial accrued liabilities for benefits.

*Methods and Assumptions.* Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefits costs between the employer and plan members to that point. The methods and assumptions used include techniques that are designed to reduce the effect of short term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long term perspective of the calculations.

The following simplifying assumptions were made:

*Retirement age for active employees*—Based on the historical average retirement age for the covered group, active plan members were assumed to retire at the earlier of age 65, or after completing the required 33 years of service (the minimum years needed to obtain maximum pension benefits).

*Marital Status*—Marital status of members at the calculation date was assumed to continue throughout retirement.

*Mortality*—Life expectancies were based on mortality tables from the National Center for Health Statistics. The 2007 United State Life Tables for Males and for Females were used.

*Turnover*—Non-group-specific age-based turnover data from GASB Statement 45 were used as the basis for assigning active members a probability of remaining employed until the assumed retirement age and for developing as expected future working lifetime assumption for purposes of allocating to periods the present value of total benefits to be paid.

#### NOTE 4 - PENSION PLAN AND OTHER POSTEMPLOYMENT BENEFITS (continued)

*Healthcare cost trend rate*—The expected rate of increase in healthcare insurance premiums was based on projections of the Office of the Actuary at the Centers for Medicare & Medicaid Services. A rate of 4.8 percent initially, increased to an ultimate rate of 6.0 percent after 6 years, was used.

*Health insurance premiums*—The current premiums paid for each member and their spouse was used as the basis for calculation of the present value of total benefits to be paid.

*Discount rate*—Four percent, is a conservative estimate of the expected long term return of a balanced and conservative investment portfolio under professional management. In addition a simplified version of the unit cost actuarial cost method was used. The unfunded actuarial accrued liability is being amortized over sixteen and one-half years as a level dollar amount on an open basis.

#### NOTE 5- RELATED PARTY

The Department rents its office facilities, on a month-to-month basis, from the St. Mary Parish Council, the oversight entity. The amount of rent paid in 2011 totals \$9,600.

#### NOTE 6 - RISK MANAGEMENT AND CONTINGENCY

The Department is exposed to various risks of loss related to torts, theft, or damage to assets, errors and omissions, injuries to employees and natural disasters. The Department has purchased commercial insurance to protect against loss from substantially all these perils. There were no significant reductions in insurance coverages from prior years. There were no insurance settlements in excess of the amount of coverage during the last three years.

The Department is subject to a lawsuit in which the plaintiffs seek sales tax refunds of approximately \$130,000 for taxes previously paid. The Department intends to vigorously defend itself against these claims. Because the case has no Louisiana jurisprudential precedent, management and its legal council cannot yet predict an outcome. Accordingly, no liability is reflected in this financial statement for these liability claims.

## NOTE 7 - TAX COLLECTIONS AND DISTRIBUTIONS

The following is a Schedule of Tax Collections, and Distributions by taxing authorities for 2011:

### Receipts

Sales tax and other collections	\$ 42,222,447
Interest on investments	<u>771</u>
Total	<u>\$ 42,223,218</u>

### Disbursements

Administrative Costs	<u>\$ 1,280,180</u>
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#### Transfer and allocations of sales taxes to:

St. Mary Parish	
Law Enforcement	\$ 934,947
Sanitation Fund	2,805,525
Debt Service Fund	1,945,717
Sales Tax Wards 1, 2, 3, 4, 7 and 10	388,680
Wards 5 & 8 Sales Tax Fund	335,425
Recreation District No. 1	337,425
Wards 6 & 9 Sales Tax Fund	84,356
St. Mary Parish School Board	17,032,587
City of Morgan City	4,941,877
City of Franklin	2,873,937
City of Patterson	2,104,809
Town of Berwick	1,773,122
Town of Baldwin	865,742
St. Mary Parish Sheriff's Office	<u>2,432,147</u>
	<u>38,856,298</u>

#### Transfer of hotel/motel tax to:

St. Mary Parish Tourist Commission	<u>522,348</u>
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#### Transfer of Occupational License tax to:

St. Mary Parish	582,568
City of Morgan City	577,019
City of Franklin	157,346
City of Patterson	82,098
Town of Berwick	126,603
Town of Baldwin	<u>38,757</u>
	<u>1,564,391</u>

Total	<u>\$ 42,223,218</u>
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The taxes reflected are for sales and lodging stays that took place in the twelve months ending December 31, 2011. The related payments of sales taxes made to the taxing units were actually distributed from March 2011 through February 2012.

## REQUIRED SUPPLEMENTAL INFORMATION

**ST. MARY PARISH SALES AND USE TAX DEPT.****REQUIRED SUPPLEMENTAL INFORMATION****Schedule of Funding Progress for  
the Department's Retiree Healthplan**

Actuarial Valuation Date	Actuarial Value of Assets  (a)	Actuarial Accrued Liability (AAL)— Unit Cost (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a / b)	Annual Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ([b-a]/c)
12/31/08	--	\$598,004	\$598,004	0%	\$371,610	160.9%
12/31/11	--	\$885,526	\$885,526	0%	\$439,474	201.5%

## GENERAL SUPPLEMENTARY INFORMATION

**ST. MARY PARISH SALES AND USE TAX DEPT.**

**Schedule of Administrative Cost  
For the Year Ended December 31, 2011**

Salaries	\$ 439,474
Examination fees and costs	326,361
Group insurance	86,036
Post employment benefit funding	
Insurance premium paid for retired employee	12,165
Funding for future benefits	99,500
Provision for compensated absences	80,500
Retirement expense	62,884
Office supplies	13,210
Computer expense	19,589
Auto and travel expense	12,875
Postage	26,175
Rent	9,600
Telephone	6,758
Equipment rental and maintenance	3,523
Payroll taxes	6,723
Professional services	64,859
Due and subscriptions	3,010
Office equipment	<u>6,939</u>
	<u>\$ 1,280,180</u>

**INTERNAL ACCOUNTING CONTROL OVER FINANCIAL REPORTING  
AND COMPLIANCE AND OTHER MATTERS SECTION**



**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND  
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF  
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

Mr. Barry Dufrene, Director  
St. Mary Parish Sales and  
Use Tax Dept.  
Morgan City, Louisiana

We have audited the financial statement of the St. Mary Parish Sales and Use Tax Dept. (the Department), as of December 31, 2011, which comprises the Department's basic financial statement and have issued our report thereon dated April 3, 2012, which contains an additional paragraph. The paragraph notes that management elected to omit Management's Discussion and Analysis. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Department's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the Department's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Department's internal control over financial reporting.

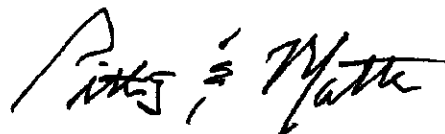
A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses as defined above.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Department's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

This report is intended solely for the information and use of management of the Department, the Legislative Auditor of the State of Louisiana and the Finance Committee of the St. Mary Parish Council, and is not intended to be and should not be used by anyone other than these specified parties. However, under Louisiana Revised Statute 24:513, this report is considered a public record and may be distributed by the Legislative Auditor.



CERTIFIED PUBLIC ACCOUNTANTS

April 3, 2012

ST. MARY PARISH SALES AND USE TAX DEPT.  
STATE OF LOUISIANA

Schedule of Findings, Questioned Costs, and Federal Awards  
For the Year Ended December 31, 2011

**A. SUMMARY OF AUDIT FINDINGS**

1. The auditors' report expressed an unqualified opinion on the financial statement of the St. Mary Parish Sales and Use Tax Dept.
2. Report on Internal Control over Financial Reporting and Compliance and Other Matters Material to the Financial Statements

Internal Control over financial reporting

No findings are required to be reported for the year ended December 31, 2011.

Compliance

There were no material instances of noncompliance or other matters noted during the audit of the financial statements.

3. Federal Awards

This section is not applicable for the year ended December 31, 2011.

4. Management Letter

No letter was issued.

**B. FINDINGS FINANCIAL STATEMENT AUDIT**

There are no findings to be reported for the year ended December 31, 2011.

**C. FINDINGS AND QUESTIONED COSTS - FEDERAL AWARDS PROGRAMS**

This section is not applicable for the year ended December 31, 2011.

**SUMMARY OF PRIOR YEAR FINDINGS AND RELATED CORRECTIVE ACTION  
PREPARED BY ST. MARY PARISH SALES AND USE TAX DEPT.**

**INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL  
STATEMENTS**

**Internal Control and Compliance**

There were no findings in the prior year.

**INTERNAL CONTROL AND COMPLIANCE MATERIAL TO FEDERAL AWARDS**

This section is not applicable.